#### NORTH CAROLINA DURHAM COUNTY

## Engineering and Design Services Agreement between the City of Durham and STEWART, Inc.

THIS A	GREE	ME	NT is ente	red into	day of		, 2014,		
by the	City	of	Durham,	North	Carolina	("Grantee")	and	STEWART,	Inc.
("Contr	actor")	, a c	corporation	organi	zed and e	xisting under	the la	ws of the Sta	ate of
North (	Carolina	a.							

WHEREAS, the Grantee competitively procured STEWART, Inc., a North Carolina corporation to serve as a Consultant for Engineering and Design Services for the Phase 2 homeownership effort in the Southside community with the focus being on the Beamon/Piedmont assemblage; and

WHEREAS, the Parties desire to enter into this Contract in order to set forth the terms and conditions pursuant to which the Contractor will provide the Services; and

WHEREAS, the Grantee desires to pay for the Services with certain funds from the Community Development Block Grant program (CDBG) as prescribed under the Housing and Community Development Act of 1974, as amended, with said grant being made available through the U.S. Department of Housing and Urban Development (HUD) and being designated as HUD grant number B-13-MC-37-0004 and known as the "grant"; and

**WHEREAS**, the Contractor agrees to abide by each paragraph of this Agreement and its attachments and all procedures, rules and regulations imposed upon the Grantee's contractors by HUD in connection with Grantee's receiving the federal grant referenced above; and

**WHEREAS**, the Services are eligible activities for assistance with CDBG funds as set forth in 24 CFR Part 570.201 and meet the national objective for low- and moderate-income benefit activities set forth in 24 CFR Part 570.208 as required by the Housing and Community Development Act of 1974.

**WHEREAS,** the Contractor further agrees that all activities conducted under the Agreement shall be of a type authorized by the provisions of Part 8, Article 19 of Chapter 160A of the General Statutes of North Carolina, as amended by Chapter 206 of the Session of laws of 1987.

**NOW, THEREFORE,** in consideration of the mutual promises herein exchanged by and between the parties, it is agreed as follows:

#### SECTION 1. SCOPE OF SERVICES.

The Contractor promises to perform, or cause to be performed, the services and deliverables as outlined in Attachment A, entitled "Scope of Services," dated November 17, 2014 to include Tasks 1-12 and the associated consultant fees, a project timeline, a preliminary construction cost opinion for the infrastructure improvements and a conceptual plan which is made an integral part of this Agreement. The services to be performed by the Contractor, hereinafter known as the "Project", shall commence no later than January 1, 2015 and those services shall be completed no later than December 31, 2016 (the "Completion Date"). Failure to promptly provide the services specified in Attachment A, as determined solely by Grantee, shall result in the termination of this Agreement by Grantee in accordance with Section 20. Funds shall be reassigned to other projects as determined by the Grantee.

The Contractor is an independent contractor with respect to the services to be performed under this Agreement. No person performing any of the work or services described hereunder shall be considered an officer, agent, servant or employee of the Grantee, nor shall any such person be entitled to any benefits available or granted to employees of the City of Durham. The Grantee shall not be obligated to pay the Contractor any payments, fees, expenses, or compensation other than the Agreement amount.

#### SECTION 2. PAYMENT UNDER THE AGREEMENT.

Payments by the Grantee under this Agreement are limited to reimbursement of eligible expenditures made or eligible expenses incurred by the Contractor, except where advance payments are explicitly authorized in writing by the Grantee at the sole discretion of the Grantee. Eligible expenditures for this project include a management and oversight fee to the Contractor as follows: as set forth in Attachment A.

All expenditures and expenses shall be incurred in accordance with the provisions of this Agreement. A schedule of payments shall be included as a part of this Agreement in Attachment A. Payments shall be made based upon this schedule and shall only be made after the Contractor has presented documentation of expenses that meet City approval. It is expressly understood and agreed by the Contractor that payment by the Grantee, including any fee to the Contractor, will not exceed the maximum sum of \$155,000.00 for all of the services specified in Attachment A. Further, the Contractor understands and agrees that any payment made under this Agreement by the Grantee is limited to funds made available under the grant referenced above. The Grantee shall make payments upon receipt of a request for check from the Contractor, documentation of expenditures and expenses incurred and work undertaken by the Contractor, the time sheets and narrative description described in Section 13, where applicable and any other documentation that the Director of the Department of Community Development for the Grantee, hereinafter referred to

as DCD, may require from the Contractor with all such documentation to be in the form and substance satisfactory to DCD. Payments shall be made by the Grantee in accordance with the provisions of this Agreement and only for activities listed in Attachment A.

#### **SECTION 3. PROGRAM INCOME.**

N/A

#### SECTION 4. APPLICABLE, FEDERAL, STATE, AND CITY REQUIREMENTS.

The Contractor shall perform within and cause its subcontractors and any ultimate recipients of funds under this agreement, to comply with and be eligible under any applicable federal and state laws, regulations and administrative requirements. A compilation of references, which may apply to this Agreement, is included as Attachment B. Those references, which are checked within Attachment B, apply to this Agreement and are made an integral part of it.

#### **SECTION 5. ASSIGNMENT OF AGREEMENT PROHIBITED.**

The Contractor shall not use this Agreement or its anticipated proceeds to borrow money. The Contractor shall not assign any interest in this Agreement.

#### **SECTION 6. CONFLICT OF INTEREST.**

The Contractor shall permit no member of the City's governing body and no other public official of the governing body of the Durham area who exercise any functions or responsibilities in the review or approval of the undertaking or carrying out of this project to have any interest, direct or indirect, in this Agreement or the proceeds thereof.

The Contractor shall permit no members of or delegate to the Congress of the United States to be admitted to any share or part thereof or to any benefit to arise herefrom. The Contractor shall be subject to and comply with the applicable conflict of interest provisions of the CDBG regulations as published at 24 CFR Part 570.

#### **SECTION 7. POLITICAL ACTIVITY.**

The Contractor shall not permit any of the funds, materials, property or services provided under this Agreement to be used for any partisan political activity, or to further the election or defeat of any candidate for public office, or for publicity or propaganda purposes designed to support or defeat legislation pending before the United States Congress, State of North Carolina, County of Durham or the City of Durham.

#### SECTION 8. CONTRACTOR LIABLE FOR LEASES.

#### N/A

#### **SECTION 9. IDENTIFICATION OF DOCUMENTS.**

All reports, maps and other documents completed as a product of this Agreement, other than documents used in the administration of the Agreement, such as reports to the Grantee, shall have placed thereon by the Contractor the following statement:

#### **NOTE**

"The preparation of this document was financed in part through funds from the City of Durham's Community Development Block Grant Program. This grant was made available to the City of Durham under provisions of Title I of the Housing and Community Development Act of 1974, as amended, and is referred to as project number B-13-MC-370-0004."

### SECTION 10. FINANCIAL RECORDS.

The Contractor shall establish and maintain a financial management system that will account for all funds received under this Contract and expenditures made in furtherance of the project activities, and such system shall be created and maintained in accordance with generally accepted accounting practices and procedures, (GAAP). The system shall include the following:

- Accurate, current and complete disclosure of the financial results of activities under this Contract in accordance with GAAP. If the Contractor's accounting records are maintained on a cash basis, the Contractor must develop information of accounts payable and accounts receivable through an analysis of the documents in the file, or on the basis of its best estimates.
- 2. Records that identify in detail the source and application of funds under this Contract. These records shall contain information pertaining to Contract awards and authorizations, encumbrances and unencumbered balances, assets, liabilities, outlays and income.
- Effective internal controls and accountability for all funds, property and other
  assets attributable to the Contract. The Contractor shall adequately
  safeguard all such assets and shall assure that they are used solely for the
  performance of this Contract.
- 4. Comparison of actual expenditures with budgeted amounts for those expenditures and comparison of financial information with performance or productivity data, including the production of unit cost information whenever required by the Grantee.
- Procedures for determining the allowability and allocability of costs.

- 6. A general ledger in which a summary of all accounting transactions shall be maintained. In addition, the Contractor shall maintain a cash receipt and disbursement register in which receipts and disbursements will be documented. Funds disbursed by the Contractor shall be made by prenumbered checks, used in numerical sequence and must be supported by appropriate, source documentation. Source documentation includes items such as payroll, time and attendance records, invoices, contracts, travel payments, information evidencing the nature and propriety of each payment, and notations showing the approval of an authorized official of the Contractor.
- 7. On request of the Grantee, the Contractor shall provide an accounting for all funds paid to it by the Grantee under this Contract.
- 8. The Contractor's financial records shall be audited by a certified public accountant, licensed in good standing to practice in the State of North Carolina, at least annually. A consolidated audit with the Contractor's affiliates shall be acceptable to satisfy this requirement.
- 9. The Contractor shall maintain such records and accounts, including property, personal and financial records so as to assure a proper accounting for all project funds, for five (5) years after the date of final payment under this Contract from the Grantee to the Contractor. However, at any time after completion and acceptance of required audits and after the Contract termination, the Contractor may turn these records over to the Grantee for retention.

The Contractor shall provide any information that the DCD may reasonably request pertaining to the Contractor's financial management under this Contract

#### **SECTION 11. AUDITS AND INSPECTIONS.**

At any time during normal business hours and as often as the Grantee, HUD, or the Comptroller General of the United States may deem necessary, the Contractor shall make available to the Grantee, HUD, or representatives of the Comptroller General for examination, all of the Contractor's records with respect to matters covered by this Agreement, and the Grantee, HUD or representatives of the Comptroller shall be permitted to audit, examine and make excerpts or transcripts from such records and to make audits of all contracts, invoices, materials payable, records or personnel, and other data relative to all matters covered by this Agreement.

#### **SECTION 12. FIDELITY BOND. (NA)**

#### **SECTION 13. REPORTING.**

The Contractor shall submit monthly or quarterly reports to the Grantee within seven (7) days following the closure of the month or quarter for which the activity is being reported. The appropriate reporting period and format for each Contractor's activities shall be established by the Grantee in collaboration with the Contractor prior to execution of the Contractor's Agreement. The Contractor shall provide to the Grantee any other information determined by the Grantee to be necessary or appropriate for the proper monitoring of this Agreement. Delays by the Contractor in making any report to the Grantee required by this Agreement may, at the Grantee's sole discretion, result in delays in payment to the Contractor of part of all of the Contractor's request for funds. A delay in making a disbursement by the Grantee to the Contractor does not change the time requirements of the Contractor to submit reports to the Grantee.

#### **SECTION 14. PROOF OF AGREEMENT REQUIREMENTS.**

The Contractor shall be responsible for the selection and engagement of subcontractors, consultants and other participating parties necessary for carrying out the Services. In selecting contractors and consultants, the Contractor shall be alert to organizational conflicts of interest as well as noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade and will make awards to the bidder or offeror whose bid or offer is in the Contractor's sole determination most advantageous to the revitalization, taking into consideration price, quality, experience and other factors. The other factors shall include (but not be limited to) the bidder's or offeror's commitment to compliance with the equal employment opportunity goals described in Section 17. The Contractor shall advise the Grantee of all selections by the Contractor of subcontractors or other participating parties engaged or selected for participation in carrying out the Services. The Grantee may disapprove a selection made by the Contractor only in writing specifying the grounds of disapproval, including (i) a conflict of interest causing the Grantee to violate its obligations under state law, or (ii) demonstrated poor performance by the selected party under any previous contract with the Grantee or another public agency. The Grantee acknowledges that the parties identified in Attachment D, are acceptable to the Grantee.

The Contractor shall furnish to the Grantee, within ten (10) days after the subcontract is executed, a copy of any subcontract if it is to be funded, whole or in part, with funds provided from this Agreement. Such subcontracts shall require subcontractors to comply with all applicable federal, state and local laws and regulations. All subcontracts shall be of a form and substance acceptable to the Grantee.

# <u>SECTION 15. PROHIBITION AGAINST SOLICITING AND ACCEPTING FAVORS AND PROCUREMENT.</u>

Officials and employees of the Contractor shall neither solicit nor accept gratuities, favors or anything of monetary value from subcontractors or potential subcontractors.

#### **SECTION 16. MAINTENANCE OF EFFORT.**

N/A

### **SECTION 17. EQUAL OPPORTUNITY.**

The Contractor shall comply with the requirements of Attachment C as required by U.S. Executive Order 11246.

# SECTION 18. EMPLOYMENT OPPORTUNITIES FOR SMALL BUSINESS AND LOWER INCOME PERSONS.

The Contractor will take affirmative steps to assure that the small businesses and lower income persons of the project area (defined as the City of Durham) are utilized whenever possible as sources of supplies, equipment, construction and services.

### SECTION 19. EQUAL BUSINESS (EBO) OPPORTUNITY ORDINANCE.

The Contractor shall comply with all applicable provisions of Chapter 26 of the Durham City Code (the Equal Business Opportunity ordinance), as amended from time to time. It shall be the policy of the Contractor to provide minorities and women equal opportunity to participate in all aspects of the Contractor's contracting programs, including but not limited to employment, construction projects, and/or materials and services contracts, consistent with the law. It shall also be the policy of the Contractor to prohibit discrimination against any business on the basis of race, color, national origin, religion, sex, age, handicap or veteran's status. The Contractor shall conduct its contracting program so as to prevent such discrimination, correct present effects of past discrimination and to resolve claims of such discrimination.

The failure of the Contractor to comply with Chapter 26 shall be a material breach of agreement, which may result in the rescission or termination of this agreement and/or other appropriate remedies in accordance with the provisions of that chapter, this Agreement, and State law. The final version of all SDBE documents and information submitted by the Contractor and approved by the Grantee are a legal and binding part of this Agreement.

#### **SECTION 20. RELIGIOUS ORGANIZATIONS.**

The Contractor agrees and understands that no Community Development Block Grant funds provided under this contract shall be used for any religious activities, to promote any religious interests, or be used for the benefit of a religious organization in accordance with the Federal regulations as specified in 24 CFR 570.200(j).

#### **SECTION 21. TERMINATION OF AGREEMENT.**

Unless sooner terminated as set forth herein, the term of this Contract shall commence as of the date first set forth above and shall continue until the earlier of (a) completion of the Services, or (b) the Completion Date.

This Agreement may be terminated as follows:

#### 1. For Cause.

a. If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Contractor shall violate any of the covenants, agreements or stipulations of the Agreement; or if the grant from HUD under which this Agreement is made is terminated, reduced, impounded, suspended or withheld by HUD, the Grantee shall thereupon have the right to terminate this Agreement. Termination shall be accomplished by the Grantee's giving written notice to the Contractor at least ten (10) days prior to the date that the Agreement is to be terminated. In the event HUD reduces the amount of its grant, however, the parties hereto may amend this Agreement so that it will accommodate and reflect the action taken by HUD.

The Grantee upon written notice to the Contractor may also withhold payment of any unearned portion of the Grant if the Contractor is unable or unwilling to accept any additional conditions that may be provided by law, by executive order, by regulations or by other policy announced by HUD at any time.

If the Grantee withholds payment, it shall advise the Contractor in the written notice what action must be taken as a condition precedent to the resumption of payments. Upon such termination the Contractor shall remit any unexpended balance of advanced payments on account of the Grant as well as such other portions of such payments previously received as determined by the Grantee to be due. The action of the Grantee in accepting any such amount shall not constitute a waiver of any claim which the Grantee may otherwise have arising out of this Agreement.

#### 2. For Convenience.

a. The Agreement may also be terminated by the Grantee without cause and independently from any action by HUD pertaining to the federal grant under which this Agreement has been funded, at the convenience and the sole discretion of the Grantee. The Grantee shall provide the Contractor with at least thirty (30) days written notice prior to the effective date of termination under this paragraph. In the event of termination for convenience, the Grantee shall make payment for the services performed and authorized expenditures incurred, if any, prior to the termination date, by the Contractor in accordance with this Agreement. In the event of termination, all property, finished or unfinished documents, data, studies and reports purchased or prepared by the Contractor under this Agreement, shall become the property of the Grantee and shall be delivered to the Grantee within thirty (30) days.

#### **SECTION 22. HOLD HARMLESS PROVISION.**

To the fullest extent permitted by law, the Contractor agrees to indemnify and hold harmless the Grantee and its agents, officers and employees from any and all costs, damages, claims, judgments and expenses, including attorney's fees, that may arise in any manner from, as a result of, relating to, or in connection with the Contractor's performance of this Agreement.

#### **SECTION 23. REVERSION OF ASSETS.**

Upon the expiration of this Agreement or termination with or without cause, the Contractor shall transfer to the Grantee any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. The Contractor shall repay to the Grantee the full amount of any funds lost, misapplied, unaccounted for or inadequately accounted for in violation of this Agreement.

#### **SECTION 24. CITY DISCRIMINATION POLICY.**

The City of Durham opposes discrimination on the basis of race and sex and urges all of its contractors to provide a fair opportunity for minorities and women to participate in their work force and as subcontractors and vendors under City contract.

#### **SECTION 25. ENVIRONMENTAL REVIEW REQUIREMENT.**

The Authority to Use Grant Funds was issued on April 4, 2011 by the U.S. Department of Housing and Urban Development for the Rolling Hills/Southside Redevelopment effort.

#### **SECTION 26. SOLE AGREEMENT.**

This document, and the attachments incorporated herein, contain the entire agreement between the parties with respect to the subject matter of this agreement and no statement, promises or inducements made by either party, or representative of either party with respect to the subject matter of this agreement, that is not contained in this written agreement, shall be valid and binding. This Agreement may not be enlarged, modified or altered except in writing by all the parties.

#### **SECTION 27. RECORDS TO BE MAINTAINED**

The Contractor acknowledges that the Grantee isrequired by the Federal regulations specified in 24 CFR 507.506 that are pertinent to the activities to be funded under this agreement to retain certain records. The Contractor will provide the Grantee with such information and documentation in connection therewith as the Grantee reasonably requests.

#### **SECTION 28. E-VERIFY COMPLIANCE**

The contractor represents and covenants that the contractor and its subcontractors comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (NCGS). The City is relying on this E-Verify Compliance section in entering into this contract. The parties agree to this section only to the extent authorized by law. If this section is held to be unenforceable or invalid in whole or in part, it shall be deemed amended to the extent necessary to make this contract comply with NCGS 160A-20.1(b).

### SECTION 29. ACCESS TO SITE.

The Grantee hereby gives the Contractor access to the Revitalization Area (or portions thereof subject to control by the Grantee) so as to allow the Contractor to undertake and accomplish its responsibilities under this Contract.

[signature page follows]

	ne parties hereto have caused this Agreement to by of, 2014.
	CITY OF DURHAM
	By City Manager
ATTEST:	
CITY OF DURHAM	
City Clerk	
	STEWART, Inc.
	By George Stanziale, Senior Vice President
ATTEST:	
Secretary	
(Affix corporate seal here)	
NORTH CAROLINA DURHAM COUNTY	
I, a Notary Public in and	for the aforesaid County and State certify thatpersonally appeared this day, and
the City of Durham, a municipa as the act of the City, the for	the City Clerk of a corporation, and that by authority duly given and regoing contract or agreement was signed in its City Manager, sealed ested by its said City Clerk or Deputy City Clerk
My Commission Expires	Notary Public

# STATE OF NORTH CAROLINA COUNTY OF DURHAM

personally appeared before me this day and stated that he or she is Secretary of STEWART, Inc., a corporation, and that by authority duly given and as the act of the corporation, the foregoing contract or agreement with the City of Durham was signed in its name by its Senior Vice President, whose
name is George Stanziale, sealed with its corporate seal, and attested by him/herself as its said Secretary or Assistant Secretary. This the day of, 2014.
My Commission Expires
This instrument has been pre-audited in the manner required by the Loca Government Budget and Fiscal Control Act. This the day of 2014.
Finance Officer

#### <u>ATTACHMENT A</u>

# Scope of Services and Deliverables Proposal dated 11-17-14 by Stewart, Inc. is incorporated into Attachment "A"

#### LOCATION

The area is approximately 4.5 acres and is bound by the area north of Chestnut Street, east of South Roxboro Street, south of Piedmont Avenue and west of Scout Drive ("Beamon/Piedmont Assemblage"). Funds awarded under this agreement will be used for the design of the phase 2 homeownership effort to include civil and landscape improvements, bid preparation and construction administration.

### Scope of Work – Engineering and Design Services

The Contractor shall oversee and provide the design and permitting and construction administration services for site preparation and public infrastructure improvements for phase 2 of the homeownership effort known as the Beamon/Piedmont Assemblage. In this contract, "Work" means the services that the Contractor is required to perform pursuant to this agreement and all of the Contractor's duties to the City that arise out of this contract. Estimated completion date for all tasks is December 31, 2016.

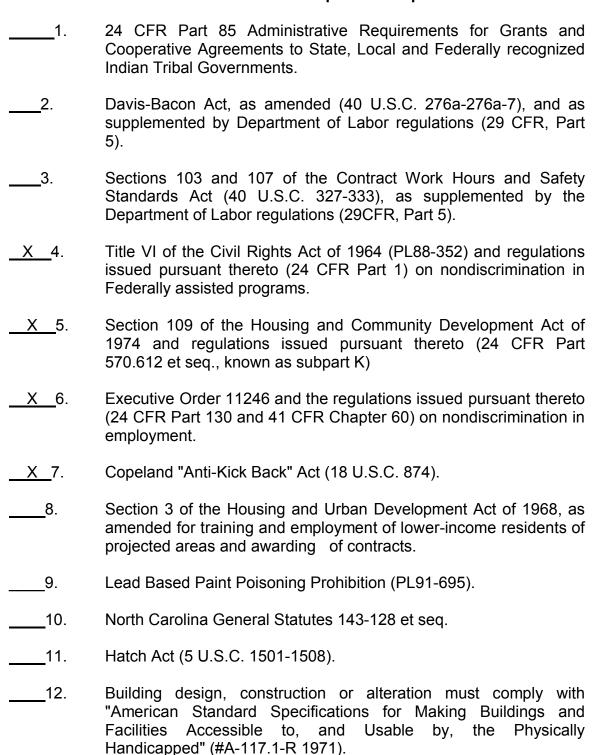
#### REIMBURSEMENT

Reimbursement for actual costs incurred by the Contractor in an amount not to exceed \$155,000.00. Contractor payment will be based on the fee schedule included in the attached scope of services and deliverables.

Upon completion of the tasks and/or deliverables, an invoice for the work completed along with a payment request form must be submitted to the Department of Community Development, 101 City Hall Plaza, Durham, North Carolina 27701.

#### **ATTACHMENT B**

#### **Certifications and Compliance Requirements**



\_\_\_\_13. Executive Order 11296 relating to evaluation of flood hazard.

14.	Title VIII of the Civil Rights Act of 1968 (PL 90-284), as amended Fair Housing Policy.						
15.	Executive Order 11063 on equal opportunity in housing and nondiscrimination.						
16.	Section 306 of the Clean Air Act (42 U.S.C. 1857(h))						
17.	Environmental Protection Agency regulations (40 CFR, Part 15).						
<u>X</u> 18.	Age Discrimination Act of 1967, as amended.						
19.	The Rehabilitation Act of 1973, as amended, Sections 503 and 504, which prohibits discrimination against the handicapped.						
<u>X</u> 20.	City of Durham's Disadvantaged Business Enterprise Plan.						
21.	OMB Circular A-122 "Cost Principles for Non-Profit Organizations"						
22.	Treasury Circular 1075 relating to the use of Community Development funds within 72 hours after drawdown.						
23.	Community Development Administrative Regulations 24 CFR 570.						
24.	N. C. Fair Housing Law						
25.	City of Durham Fair Housing Law						
26.	OMB Circular A-133 " Audits of States, Local Governments and Nonprofit Organizations"						

#### **ATTACHMENT C**

Equal Employment Opportunity
U. S. Executive Order 11246 (excerpts)

"During the performance of this Agreement, the Contractor being referred to as contractor, agrees as follows:"

- 1. "The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
- 2. "The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- 3. "The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract officer, advising the labor union or workers' representative of the contractor's commitments under Section 2020 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- 4. "The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- 5. "The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and, by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- 6. "In the event of the contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965 or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by Law.
  - 7. "The contractor will include the provisions of Paragraphs 1 through 7 in

every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance. Provided however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interest of the United States."